1. Project Data

<table>
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<th>Project ID</th>
<th>Project Name</th>
<th>Country</th>
<th>Practice Area(Lead)</th>
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<tr>
<td>P151157</td>
<td>BiH Floods Emergency Recovery Project</td>
<td>Bosnia and Herzegovina</td>
<td>Urban, Resilience and Land</td>
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<th>L/C/TF Number(s)</th>
<th>Closing Date (Original)</th>
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2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (FA, p.5), the Project Appraisal Document (PAD, paragraph 12) and the Implementation Completion and Results Report (ICR, paragraph), the Project Development Objective (PDO) was to meet critical needs and restore functionality of infrastructure essential for public services and economic recovery in floods affected area.

This review will assess the following objectives:
Independent Evaluation Group (IEG)  
BIH Floods Emergency Recovery Project (P151157)

- to meet critical needs for public services and economic recovery in floods affected areas
- to restore functionality of infrastructure essential for public services and economic recovery in floods affected areas

b. Were the project objectives/key associated outcome targets revised during implementation?
No

c. Will a split evaluation be undertaken?
No

d. Components

1: Emergency Disaster Recovery Goods (US$40.0 million at appraisal, reduced to US$32.6 million at restructuring, US$32.6 million actual) retroactively financed through the use of a positive list, the purchase of goods urgently needed during the recovery phase. The positive list included logistical goods, reconstruction goods, emergency goods, energy and power sector goods as well as agricultural recovery goods, with an initial priority set of fuel and food, agricultural and emergency goods. This component reimbursed the purchase of goods during the emergency phase, emergency goods that the governments intended to purchase to continue responding to the emergency, or replenish stocks depleted during the emergency. This component was reduced by US$7.4 million during the 2016 restructuring and reallocated to the second component to meet the rising needs of this second component based on the Recovery Needs Assessment (RNA) and progress in implementing activities reported by local institutions (see below).

2: Rehabilitation of Key Public Infrastructure (US$57.0 million at appraisal, increased to US$64.4 million at restructuring, US$64.4 million actual) financed the rehabilitation of both local and regional public infrastructure based on the RNA. This component used a framework approach where activities were prioritized in a demand drive manner, based on the RNA. The following were financed: the rehabilitation or reconstruction of high priority, public service delivery infrastructure in the worst-affected areas. This component consisted of two subcomponents that followed different project cycles:

- Regional Infrastructure Rehabilitation Subcomponent that financed the rehabilitation of strategic, regional-level public infrastructure such as transport links, distribution and transmission infrastructure, dikes and other strategic public infrastructure. The Steering Committees set the overall sector financial envelopes for each entity. The ministries in charge of particular sectors under each entity identified a list of concrete activities. Two Project Implementation Units (PIUs) implemented the activities (one PIU for the Federation of Bosnia and Herzegovina FBiH, and one PIU for Republika Srpska - RS).
- Local Infrastructure Rehabilitation Subcomponent that financed local-level infrastructure, such as water supply schemes, local roads and bridges. Resources were allocated across the most affected municipalities. The municipalities prioritized the activities that were then bundled into larger packages procured by the PIUs. During the 2016 restructuring, an additional US$7.4 million was reallocated from component 1 above to this subcomponent.

3: Project Implementation Support and Capacity Building (US$3.0 million at appraisal and actual) financed the management of the project and supported the identification and implementation of the sub-activities. The component also provided technical assistance and capacity building to help ensure future
improved disaster resilience. During the 2016 restructuring, this component was allowed to finance the purchase of disaster preparedness goods and equipment.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The total project cost reached US$100.0 million. Total disbursements reached US$87.5 million. The balance was cancelled.

Financing: The International Development Association (IDA) singularly financed this project.

Borrower Contribution: There was no Borrower contribution.

Dates: The project was approved on June 30, 2014 and became effective less than three months later, on September 15, 2014. The Mid Term Review was conducted on June 3, 2016. The project was set to close originally on December 31, 2018 but was given a six month extension to close by June 30, 2019. There were two restructurings:

- On January 9, 2016 to introduce changes to the Results Framework, change component costs, reallocate resources between components and disbursement categories. The end target values of the three PDO outcome indicators were amended after the completion of the Recovery Needs Assessment (RNA) and the actual investments during the first year of implementation. In addition, one indicator (Distribution Lines constructed or rehabilitated) was dropped because the Government decided not to support investments in electricity under the project (ICR, p. 11 of 55). Three intermediate outcome indicators were introduced: (i) number of bridges rehabilitated; (ii) length of flood protection infrastructure rehabilitated or reconstructed; and (iii) number of landslides rehabilitation activities. Finally, as part of the change in components, the capacity building for disaster resilience under the third component was allowed to finance the purchase of disaster preparedness goods and equipment.

- On December 12, 2018 to provide a six month extension and amend the closing date to June 30, 2019. This extension accommodated the completion of remaining activities, i.e., the rehabilitation of railway infrastructure in the Federation of BiH, the rehabilitation of local infrastructure and landslides on regional roads in Republika Srpska due to unforeseen weather conditions, and procuring new flood protection related equipment in Brcko District.

3. Relevance of Objectives

Rationale

The PDOs were highly relevant to the World Bank Country Partnership Framework (CPF) for BiH (2016-2020). One of three focus areas of the CPF was building resilience against natural shocks such as those brought by natural hazards. CPF objective 3b - build resilience to floods – referred to the World Bank’s support to existing multi-sector engagements in Disaster Risk Management (DRM). The objective also noted strengthening World Bank support in water resources management for better protection and
preparedness against floods. The CPF mentioned continuing World Bank support in DRM through this project and future DRM policy dialogue.

The PDOs were highly relevant to the governments’ strategic objectives. The 2015 Strategic Framework for BiH provided the BiH Council of Ministers a guide toward medium-term work programs. One of the strategic objectives related to the resilience and sustainability of infrastructure - improving environmental management and development of environmental infrastructure while increasing resilience to climate change. The PDOs were also relevant to the Sava and Drina Rivers Corridors Integrated Development Program (P168862) in the pipeline. Its objective was to improve flood protection and enable transboundary water cooperation in the Sava and Drina Rivers Corridors.

In summary, the PDO, with its focus on helping to recover from the impact of the floods to improve the connectivity of BiH to the global economy through improved roads, bridges, and rails, was realistic, and achievable. Road transport in BiH accounted for 95% of all goods and passenger movement. Adding the improvement in flood protection activities as well as assisting in ensuring the recovery of agriculture production provided sufficient ambition to achieving rapid economic recovery of the region. The agricultural sector represented nearly 10 percent of GDP. The floods severely affected areas across central and Northeastern BiH, which had been historically oriented towards agriculture and agribusiness. The realistic PDO and its level of ambition contributed to a high rating of relevance.

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1
Objective
• to meet critical needs for public services and economic recovery in floods affected areas

Rationale
Theory of Change: The project supported local governments in BiH to respond to the crisis brought by the floods and contribute to the economic recovery of the flood affected areas. This objective would be achieved by financing the purchase of goods urgently needed for disaster recovery, based on a positive list that was in line with the government’s priorities. The project’s positive list included: (i) logistical goods, (ii) reconstruction goods, (iii) emergency goods, (iv) energy and power sector goods, (v) agricultural recovery goods, and (vi) any other goods or commodities essential to recover from the flooding. The emergency goods purchased would reach beneficiaries such as registered farmers and agricultural producers, emergency staff in flooded cities who distributed goods to the residents or were engaged in search and rescue operations, and other displaced people. According to the clarification provided by the World Bank project team to IEG on February 13, 2020, "majority of beneficiaries who received support in terms of agricultural goods were formally registered farmers (i.e., registered in a formal registry of agricultural households). This registry included
households for whom agriculture and farming were the main source of income, and registration was a pre-condition to receive agriculture subsidies." Only two underlying assumptions were included in this theory of change, both centering on capacity. First, that the government had adequate capacity to assess critical needs and distribute emergency goods to disaster affected people. Second, that municipalities had sufficient capacity to prioritize and implement rehabilitation works to restore the functionality of the destroyed infrastructure to restore public service and spur economic recovery. The project had no other sources of financing. These assumptions outside of the project were sufficient and valid to establish attribution.

**OUTPUTS:**

- 100 percent of emergency disaster goods were purchased in line with established schedule, as targeted
- 26 percent of affected farms benefited from government support (original target 20 percent, target exceeded)

**OUTCOMES:**

- US$27 million in emergency goods were distributed by entity-level strategic reserves (original target value of US$30 million, mostly achieved)
- There were 104,537 project beneficiaries (pb) (original target 75,000, target exceeded).
- There were 868,895 direct project beneficiaries (dpb) (original target 300,000 target exceeded), of which 51 percent were female beneficiaries (original target 51 percent, target achieved)

In summary, outcomes targets were achieved, mostly achieved or exceeded and efficacy of achieving this objective was rated substantial.

**OBJECTIVE 2**

**Objective**

- to restore functionality of infrastructure essential for public services and economic recovery in floods affected areas

**Rationale**

**Theory of Change:** The project financed rehabilitation of both local and regional disaster-affected public infrastructure essential for public services and economic recovery such as roads and railways. By financing these public service infrastructure facilities to pre-flooding condition, the project would restore the functionality of these public service infrastructure for the economic recovery of the flood affected areas. The eligibility criteria used to prioritize the infrastructure projects were critical to support the economic recovery of the flood affected area. For example, those infrastructure that were not affected by the 2014 floods were excluded. Projects requiring long preparation, unresolved ownership, or complex, were excluded. All projects were designed using the "build back better" principle. Funds were allocated to municipalities based on the RNA's estimate for economic loss per capita, assigned in proportion to overall needs, corrected for a municipality's
poverty level and capacity to generate own revenues. Most of the infrastructure to be rehabilitated would focus on the transport, flood control, and agricultural sectors to support economic recovery. Only two underlying assumptions were included in this theory of change, both centering on capacity. First, that the government had adequate capacity to assess critical needs and distribute emergency goods to disaster affected people. Second, that municipalities had sufficient capacity to prioritize and implement rehabilitation works to restore the functionality of the destroyed infrastructure to restore public service and spur economic recovery. The project had no other sources of financing. The assumptions outside of the project were sufficient and valid to establish attribution of project outcomes to the project's interventions.

**OUTPUTS:**

- 446 public service infrastructure facilities were recovered to pre-floods condition (original target 200 facilities, target exceeded)
- 100 percent of targeted municipalities identified, consulted, and finalized lists of priority local service activities for funding under the project according to project criteria, achieving target.
- 93 percent of regional activities were budgeted and presented to ministries as part of the list of priority activities for funding under the project (target 100 percent, mostly achieved)
- 58,109 piped household water connections were rehabilitated (original target 15,000 households, target exceeded)
- 263.58 km of rural roads were rehabilitated (original target 80 km, target exceeded)
- 63.45 km of non rural roads were rehabilitated (original target 25 km, target exceeded)
- 35 bridges were rehabilitated (original target 15, target exceeded)
- 53,460 m of flood protection infrastructure were rehabilitated or reconstructed (original target 50,000 m, target exceeded)
- 56 landslides were rehabilitated (original target 15, target exceeded)
- 19 public facilities were rehabilitated (schools, health facilities, priority public buildings, drainage ditches) (original target 10, target exceeded)
- Trained 137 public officials in disaster risk management (original target 30, target exceeded)

**OUTCOMES:**

- 173,765 persons benefited from the rehabilitation of local infrastructure facilities (original target 120,000, target exceeded)
- 840,995 persons were identified as direct beneficiaries of rehabilitated local infrastructure (original target 300,000, target exceeded), of which 51 percent were female beneficiaries as targeted.
- According to the World Bank Task Team in an email to IEG on February 13, 2020, if 2014 prices were used on Agriculture, Forestry, and Fisheries (AFF) data, the real growth of AFF was 9.2 percent in 2015, and 9.1 percent in 2018. Overall GDP grew at the same rate at this time, except in 2018 when GDP rose from 3.2 percent in 2017 to 3.6 percent in 2018. Real figures suggested that the sustainability of the sector was maintained in terms of real prices. Livelihoods likely improved in 2018. The neutral effect was a positive outcome given the severity of damages. It was difficult to quantify the benefit per activity but the above effects could be partly attributed to the project as the largest single recovery operation in flood affected areas and led to restoring the functionality of economic infrastructure essential for public services and economic recovery.
In summary, outcome targets were achieved, or exceeded while most output target indicators were mostly achieved or exceeded leading one to ask if the target indicators were not ambitious enough or set too low. As a result, efficacy of achieving this objective was rated substantial.

Rating
Substantial

OVERALL EFFICACY
Rationale
Most of the target outcome indicators were almost achieved, achieved, or exceeded. The emergency goods procured reached the intended beneficiaries, according to external audits conducted in 2017. The RNA did note that in the immediate aftermath of the flooding, the agriculture sector experienced supply chain disruptions. These were readily addressed by delayed payment terms of agricultural inputs and related services that helped the farmers to recover. The project applied appropriate criteria and prioritized facilities in flooded areas to restore them to pre flood conditions, if not more resilient. The project helped to rehabilitate more infrastructure than initially planned. These achievements led to addressing the critical needs of the flood affected areas and restored the functionality of the public services essential for the area’s economic recovery. Economic recovery was evident from the investments made in the transport sector, investment in flood management, and in the agriculture sector. These included, for example the rehabilitation of more than 260 km of rural roads, 63 km of non-rural roads, 35 bridges, the reconstruction of 53,460 m of flood protection infrastructure, and aid to 26 percent of affected farmers with seeds, seedlings, agriculture equipment, and other goods to resume production. These activities contributed to an 8 percent increase in the country's long term growth following the recovery (ICR, p 20 of 55). Overall efficacy is rated substantial.

Overall Efficacy Rating
Substantial

5. Efficiency
Economic and Financial Efficiency: At appraisal, there was no Economic Rate of Return (ERR) established for the whole project because specific investments were only identified after the completion of the Recovery Needs Assessment (RNA). The project supported the rehabilitation of damaged infrastructure and interrupted public services related to transport, water supply and sanitation, and rural development but specific subproject investments were identified during implementation. Economic analysis at appraisal relied on limited data to arrive at costs and benefits (PAD, paragraph 38). A cost benefit ratio of 1.01 to 2.01 applied to the emergency assistance to restore public services and reduce welfare losses. Benefits included: the prevention of production loss because services were restored in 10-20 days in key sectors. These benefits were valued at US$5.7 million (for 10 day loss) and US$11.4 million (for a 20 day loss). Benefits from shortening the restoration of agricultural production by 10 days prevented productivity losses of US$18.8 million and US$37.5 million for 20 days.
Benefits from three interventions ranged from US$40.3 million to US$80.4 million. Reduced production losses for a 10-20 day power outage were estimated to be between US$15.8 million (10 days) to US$31.5 million (20 days). For the rehabilitation and reconstruction of secondary roads, the estimated ex ante ERR reached 22 percent. Detailed costs and benefits were presented in Annex 7 of the PAD.

At completion, efficiency was calculated for subproject investments under each component. Annex 4 of the ICR provided details in the calculations and assumptions used to reach the reported ERRs. There were over 400 subprojects. To replicate the economic analysis used during appraisal, a similar economic analysis was applied to the transport sector only. The ERR for roads at closing was 15 percent over a 5 year period or 29 percent over a 15 year period. The principles of building back better contributed to improved resilience in the affected areas by reducing the future expected average annual losses due to floods. The flood protection works were designed for a 100-year return period flood while pre-disaster floods were typically designed for shorter return periods. The Net Present Value (NPV) was estimated at US$50 million over 20 years discounted at 5 percent (no justification provided in the ICR).

Administrative and Operational Efficiency: Operational efficiency was achieved by fostering ownership and co-financing at the local level for rehabilitating local public infrastructure. Project funds were not used for feasibility studies or detailed designs, but for project execution of feasible projects with completed designs resulting in a larger number of works. However, there was a lack of capacity to manage hundreds of simultaneous flood management and infrastructure rehabilitation sub projects. The risk associated with this lack of capacity was identified during appraisal, became evident during early implementation, and was addressed after the MTR, resulting in the six month extension of project closing to complete remaining works that were affected by procurement delays. In the case of Brčko District (BD), this was the first time a Bank financed project was implemented in that District but they completed all their works in time.

In summary, the sub-project activity that received the majority of financial support reached high rates of economic and financial efficiency. Secondary roads had an estimated 22 percent economic rate of return (ERR) at appraisal. At closing, the same road sector was estimated with a 15 percent ERR. Administrative and operational efficiency had some negative impacts from unforeseen weather conditions and changes in credit conditions for municipalities in RS, which affected the pace of delivering local infrastructure rehabilitation; a new bidding process for the rehabilitation of railway infrastructure in FBiH; and governance arrangements where entity level ministries were assigned to coordinate directly with project beneficiaries for regional infrastructure rehabilitation. The "building back better" principle assisted in improving operational efficiency for local service delivery by enhancing the disaster risk management capacity of local entities. This efficiency compensated for the relatively minor 6 month extension of project implementation period.

Efficiency Rating
Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

<table>
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<tr>
<th>Rate Available?</th>
<th>Point value (%)</th>
<th>*Coverage/Scope (%)</th>
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6. Outcome

Relevance of objective was rated high. Efficacy of both Objectives 1 and 2 was rated substantial. Efficiency was also rated substantial. Following the guidelines, the outcome is thus rated Satisfactory with minor shortcomings.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The following pose risks to development outcome:

- **Risk from Natural Hazards.** BiH continues to be prone to flooding. There is significant likelihood that floods of similar intensity to the 2014 event will hit the country again. There is potential negative impact from future floods on communities and infrastructure that have been reconstructed or rehabilitated under the project. To mitigate this risk, building resilience to natural shocks is one of the focus areas of the CPF for FY16-20 and the Bank continues an active policy dialogue in the country on Disaster Risk Management (DRM).

- **Sustainability of Implementation Capacity.** The project took important steps to strengthen the institutional capacity of local institutions in disaster risk management. The ICR reported that the country has not incorporated planning instruments. In the RS, land use plans were not updated along with the updates made in flood maps after the 2014 floods. A strong effort is needed in the years to come to build this capacity in BiH.

- **Sustainability of Raising DRM Awareness.** By raising awareness in DRM, key stakeholders and civil society fostered resilience in flood-prone areas by moving from a reactive response to a preventive risk management approach. During a March 2019 consultation, project stakeholders expressed an overall sense that rehabilitated or reconstructed public infrastructure was more resilient than the pre flood conditions. Rehabilitated and reconstructed dikes, for example were designed for floods with higher return periods. Construction of culverts, cleaning and widening of riverbeds were also expected to contribute to improved resilience in the flood affected areas. However, no specific studies mapped areas that were prone to hazards to better inform resilient investments and identify supporting policy reforms. Project stakeholders pointed to illegal construction in flood prone areas as an evidence of this risk that public policy reforms could address. There is a risk that efforts to raise DRM awareness would not continue after the project closing.
• **Financial and Technical Risks.** Current budget allocations for disaster risk management at local level were typically used for maintenance of infrastructure. Future efforts on mechanisms that trigger comprehensive reforms are needed to ensure long-term sustainability of investments.

### 8. Assessment of Bank Performance

#### a. Quality-at-Entry

Following the 2014 floods, the project was prepared using streamlined procedures for operations in urgent need of assistance. This prompt response met the project’s critical needs to restore the functionality of disaster affected infrastructure. Under these emergency response operations, specific activities and components were identified, with target indicators, technical aspects, and monitoring and evaluation (M&E) arrangements to be verified during implementation. Environmental and social aspects were addressed at entry. The Bank assessed the main risks, and identified the need to strengthen the fiduciary and monitoring capacities of the Project Implementation Units (PIUs).

The Bank had a robust experience in emergency response projects around the world and in the region. Lessons learned from prior similar operations that were considered in project design included (i) simplifying objectives and limiting scope to improve efficiency; (ii) using emergency operations to complement other World Bank and donor post-crisis assistance; (iii) having a PIU per governance entity when decision making is challenged by a decentralized organization; (iv) partnering with local governments to identify priority investments to improve accountability and ownership; and (v) allowing the addition of project activities that may be identified during implementation rather than at appraisal (PAD, paragraph 25).

The principles of “build back better” was included in the project approach to build resilience and strengthen disaster risk management capacity. However, resilience aspects were not included in the M&E design such as adding indicators not only to track physical facilities recovered to pre-flood conditions but also those recovered because of improved resilience. For example, in RS, land use plans informed by flood maps generated by the project could prevent illegal construction in high risk, flood prone areas. Indicators showing how resilience improved could generate measurable factors to show the public the basis for public policy reforms and leverage recovery investments for adopting disaster risk management. Implementation design used existing structures, mechanisms, and capacities built by projects that were ongoing during appraisal. At appraisal, a substantial overall implementation risk was raised from design, stakeholders, and the implementing agency. General elections were due after project approval. Risk from stakeholders with competing priorities was mitigated by keeping local governments, who would not be part of the 2014 election, to be the primary stakeholder in identifying priority investments. Implementing agency risk was mitigated by recently adopted new legislation that allowed for urgent, streamlined procedures. Risk form design and scope across several sectors and government entities was mitigated planned capacity strengthening as part of the project. Most of the risks were adequately addressed during implementation (see Quality of Supervision below).

In summary, the components were reasonable to achieve the PDO and the capacity of the implementing agencies to be supported by the project. Design was informed by lessons from prior similar operations. Adopting the “build back better” principle in recovery infrastructure sub-projects aided in
raising awareness in disaster risk management. While there was no co-financing, project financing for local sub-project investments were made only for sub project investments with completed feasibility studies and design financed by local entities, freeing projects funds to execute more sub-project investments, benefiting more people and accelerating implementation. All these supported a satisfactory rating of the quality at entry.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision
The Bank ensured continuity of a strong task team with the co-team leader providing consistent oversight from project start to closing. Regular, semi-annual support missions were undertaken with multi-disciplinary teams of technical, environmental and social safeguards, and procurement specialists. According to the ICR, issues identified during these missions were promptly addressed and reported in aide memoires, ISRs, and management letters and proactively followed up to ensure achieving project outcomes. Some of these issues were related to fiduciary, procurement, and safeguard aspects, funds reallocation to achieve the intended project’s outcomes and facilitate implementation. For example, during the Mid Term Review, the Bank team recommended reallocating resources to better performing components such as the rehabilitation of local infrastructure if the procurement for the rehabilitation of railway infrastructure in FBiH or that of the rehabilitation of road infrastructure and flood protection infrastructure in RS were delayed any further. The Bank responded by assisting the PIU in the RS and BD in using the Bank’s local procurement consultant and staff. To address the issue surrounding the lack of specific capacity building activities by FBiH and RS, the Bank team confirmed in its February 13, 2020 email to IEG that they mobilized additional grant funds from the Enhancing Capacity to Understand Disaster Response Needs and Road Network Vulnerability in Bosnia and Herzegovina Trust Fund created by the World Bank to support the institutional capacity of the Civil Protection Agencies in better understanding disaster risk management needs. In the project's 2016 restructuring, the Bank team complemented capacity efforts by allowing the financing of equipment for post disaster response.

In summary, the Quality of Supervision by the Bank team remained satisfactory because the team kept their focus on achieving the PDO, restructured the project to consider actual needs, and mobilized additional funds for capacity building. There were only minor shortcomings in the proactive identification of opportunities and resolution of threats that resulted in extending project closing. These included the governance aspects related to implementing the key regional infrastructure and the shift in the funds from grants to credit to assist RS local governments in implementing their local infrastructure sub-investments.

Overall Bank Performance was “Satisfactory.” At entry, the Bank could have strengthened indicators in its results framework to incorporate lessons learned from international experience in building resilience in post-disaster contexts. During early implementation, considering that risk assessment pointed to the need to strengthen the fiduciary and monitoring capacities of the Project Implementation Units (PIUs), the Bank could have undertaken a more proactive role in strengthening the PIUs in both entities (FBiH, RS) and the District early in project implementation. The shortcomings were fully addressed during the remaining
implementation period. No other donors were involved, hence, no lack in coordination among donors were noted.

**Quality of Supervision Rating**
Satisfactory

**Overall Bank Performance Rating**
Satisfactory

### 9. M&E Design, Implementation, & Utilization

#### a. M&E Design

The M&E design followed the 2013 Guidance Note for Projects in Situation of Urgent Need. M&E design selected indicators that tracked progress and outputs with some targets to be identified after the project started and once prioritization of activities was completed. M&E design focused on the pace of implementation, efficiency of expenditures based on outputs, and due process (PAD, paragraph 30). M&E design was aligned with the PDOs and reflected the results framework that was firmed up with target indicators after the RNA, as designed. The project would be monitored by the Agriculture Project Coordination Units in the RS and BD and the agriculture Project Implementation Unit in FBiH. Arrangements were in place to monitor progress towards the PDOs through adequate indicators. The PDO was clear. The results framework was adequately used to monitor progress towards the project’s outcomes. The M&E design, however, did not specify indicators that would track the project’s contribution to the overall economic recovery. Considering that the project followed the principles of “building back better,” the indicator on public service infrastructure facilities that were reconstructed with improved resilience were not quantified. M&E design did not systematically measure women’s participation in the project. For example, the intermediate outcome indicator for the number of public officials trained in disaster risk management could have been gender-disaggregated. Annex 1 did not provide baseline information.

#### b. M&E Implementation

End target values of the PDO indicators were determined during the first year of the project’s implementation and the results framework finalized through the first project restructuring in January 2016, M&E data was adequately collected and systematically analyzed starting from the second year (2015) until project completion. The methodology used to calculate the indicators addressed the issue of double counting. For instance, in cases where a settlement benefitted from both a bridge repair and flood protection works, the number of direct beneficiaries was not counted more than once. Both the PIU at FBiH and the Agriculture Project Coordination Unit (APCU) at RS had dedicated M&E staff. However, activity forms have not always been systematically provided by line ministries and municipalities. The PIUs have reported on the progress achieved in each of the sub-projects in their semi-annual implementation status reports, some though, were submitted late but with no significant impact on results.
c. M&E Utilization

M&E tracked project implementation progress. M&E data informed the reallocation of funds from Component 1 to Component 2 during the 2016 restructuring to ensure a more efficient use of Project resources. M&E findings were communicated to various stakeholders as evident in the 100 percent achievement of the indicator that target municipalities identified, consulted and prepared final lists of priority local service activities for funding under the project according to project criteria. The M&E data was also used to inform recommendations and lessons learned, for example in providing resources to local government as a grant or as a credit line.

In summary, the overall rating of M&E quality is “Substantial”. The M&E system sufficiently assessed the achievement of the objectives and ensured a more efficient use of Project’s resource. Moderate weaknesses were in designing the intermediate outcome indicators to quantity of infrastructure that was now more resilient, not just reconstructed and rehabilitated to pre-flood conditions, specifying indicators that would quantify the contribution of the project activities to the economic recovery of the flood affected areas, and gender disaggregation whenever feasible. Nevertheless, the M&E quality was substantial.

M&E Quality Rating
Substantial

10. Other Issues

a. Safeguards

The project was classified as a category B and triggered OP/BP 4.01 Environmental Assessment and OP/BP 4.12 Involuntary Resettlement. The project also triggered OP/BP 7.50 International Waterways but was given an Exception to Riparian Notification requirement under paragraph 7(a) of OP 7.50. Despite this exception, the FBiH notified riparian countries through the International Sava River Commission on the proposed works along the Sava River aimed at raising the river’s embankments, and another notification was issued for works along the Bosna river. Responses were received from Slovenia, Croatia and Serbia with no objections or issues noted. The project had an Environmental and Social Management Framework (ESMF), which applied to all sub-projects. Each of the sub-projects financed under the project underwent an environmental screening as per the ESMF checklist and an Environmental Management Plan (EMP), where applicable. According to the ICR, environmental and social safeguards compliance remained satisfactory throughout implementation.

Solid waste management issues at the subproject sites were reported. There were also cases reported where the ESMF requirements, related to work place safety, were not fully addressed. These issues were addressed by strengthening the mechanisms in place to ensure that ESMF requirements were included in bidding documents for civil works and supervision. Municipalities were also supported to check compliance with all provisions including disclosure of ESMFs and screening checklists.
There were no cases of permanent acquisition of private land. The ICR reported that site-specific checklists were followed. Implementing authorities submitted proof that land acquisitions were adequately addressed, supported by signed agreements for those with temporary expropriation of private land plots for the duration of the corresponding civil works contract. Contracts for civil works could only be executed after the PIUs received evidence that land acquisition issues were satisfied.

Project-affected people were aware of the Grievance Redress Mechanism (GRM) and expressed satisfaction with the rehabilitation works carried out. Prioritizing regional and local infrastructure sub-projects used a participatory approach. Consultations with affected municipalities were held at the beginning of a sub-project. Joint meetings with relevant authorities were held to inform them on the World Bank’s environmental and social safeguards provisions as well as to plan mitigation measures. One complaint was received concerning the increased likelihood of floods if the proposed draining system design was used in constructing a bridge in the RS. The PIU, together with Banja Luka city representatives, the designer, the contractor, and supervisor teams met with the community. A solution was reached to construct manually operated gates to regulate rainwaters flow. The European Investment Bank (EIB) - financed Vrbanja River embankment works intended to implement a solution to this problem.

b. Fiduciary Compliance

Financial management. Overall, both PIUs had adequate financial management systems, including accounting, budgeting, staffing, internal controls, counterpart funding, audit and financial reporting. Audit reports, which according to the World Bank Task Team in their February 13, 2020 email to IEG, were all unqualified, and the interim un-audited financial reports (IFRs) were timely submitted.

Procurement. The project used a positive list to reimburse goods purchased during the emergency, purchase goods in response to the flooding disaster, and replenish stocks that were depleted during the emergency. A positive list is a list of eligible essential goods that can be retroactively financed. These goods could have been procured through national emergency procedures as set forth in the relevant laws of the Borrower or commercial practices of the private sector as set forth in the respective Project Operation Manuals. Technical and financial reviews of the goods procured were conducted for each expenditure, which determined their acceptability to the World Bank.

The PIUs in FBiH and RS responsible for procurement were under the Ministry of Agriculture, Forestry and Water Management. Their staff was familiar with World Bank financed projects. However, both PIUs were ill prepared to undertake simultaneous design preparation and tendering processes for over 400 sub-project investments. The PIU in the RS was responsible for procurement in the BD at the beginning of the project implementation since this was the first Bank-financed project implemented at the district level. Later on, BD managed its own procurement by hiring 2 procurement staff to manage both RS and BD. This action accelerated project implementation. The World Bank Team also responded with intensified technical assistance and procurement support. Procurement issues were reported for both the FBiH and RS. In the FBiH, procurement was cancelled for a railway sub-project. Funds were reallocated over one-and-half years. In the RS, a prospective bidder complained about conflict of interest, which was promptly solved.
c. Unintended impacts (Positive or Negative)
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d. Other
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### 11. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Highly Satisfactory</td>
<td>Satisfactory</td>
<td>There were minor shortcomings in Efficacy and Efficiency.</td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Quality of M&amp;E</td>
<td>Substantial</td>
<td>Substantial</td>
<td></td>
</tr>
<tr>
<td>Quality of ICR</td>
<td>---</td>
<td>Substantial</td>
<td></td>
</tr>
</tbody>
</table>

### 12. Lessons

The ICR presented 12 lessons and recommendations from the project operations. IEG has selected the following lessons that may benefit other task teams designing similar projects:

- **A task team with strong in-country experience and seasoned in rapid response project preparation should benefit from using streamlined procedures.** In this project, a strong task team was well versed in the country's policy environment and governance and administrative structures. The team included technical experts on flood management, landslides and rehabilitation of infrastructure to help identify quality issues in specific sub-projects and support the implementation units in addressing issues as these arise. The lesson from this project was that a project may benefit having a strong task team familiar with the country policy environment and knowledgeable in rapid response project preparation.

- **Using a positive list and allowing for retroactive financing may be an effective way to implement emergency response projects.** In this project, a positive list identified items eligible for retroactive financing. Reimbursement was applied to goods purchased during the emergency phase, goods that the government intended to purchase as part of its continuing response to the emergency, and goods to replenish stocks depleted during the emergency. Agreement was reached that the RNA would serve as the basis for identifying items that would be retroactively financed. Simplified procurement procedures during the early phase of implementation, carried out by PIUs familiar with World Bank procedures, also contributed to quick delivery of emergency response goods to the large number of beneficiaries. A framework approach and robust eligibility criteria with evidence-based prioritization, facilitated the rehabilitation of infrastructure essential for public services and economic recovery.

- **Decentralized implementation of an emergency response project empowers participating municipal authorities to build on their proximity with recipient**
beneficiaries to build local DRM capacity. In this project, local authorities supported by dedicated personal implemented and communicated with beneficiaries. Communication with local beneficiaries was effective because of the proximity between the places where decisions on sub-projects were made (municipal assemblies) and project beneficiaries. In addition, local experienced staff directly reached out to the project beneficiaries explaining the project objectives and decisions. These factors fostered beneficiary engagement and positively contributed to a demand-based prioritization of investments.

- **Procurement procedures in emergency response and recovery projects may include cut-off dates to trigger re-allocation of funds when there are significant delays.** In this project, restructuring followed the Mid Term Review and determined that the allocated funds for the first component exceeded need. The amount reduced was reallocated to the component that dealt with local and regional infrastructure reconstruction and rehabilitation. This action served to keep focused on achieving the desired project outcomes.

- **Adopting a “build back better” strategy for emergency response operations may improve the resilience of rehabilitated infrastructure.** In this project, improving resilience in the affected areas was not a primary project outcome. Nevertheless, the flood protection works financed by the project improved resilience of infrastructure in those areas (flood protection works were designed for a 100-year return period flood while pre-disaster flood protection works were typically designed for shorter return periods). In a March 2019 consultation, project beneficiaries agreed that public infrastructure financed under the project was more resilient than its condition prior to the May 2014 floods.

- **Accountability and municipal co-financing are effective mechanisms to reach a larger number of beneficiaries and contribute to efficient project implementation.** In this project, accountability by local governments was evident in their promotion of stakeholder participation, fostered buy-in, and ownership in project decision. Local governments also co-financed rehabilitation works, selected sub-projects, communicated with beneficiaries, and implemented works. In this project, municipalities financed the preparation of feasibility studies and detailed designs for priority infrastructure. This strategy led to executing a larger number of infrastructure investments, expanded project coverage, and reached more beneficiaries. Since only viable works were financed, project implementation was accelerated. Promoting accountability at the local level was critical in this post-disaster situation when decisions had to be made rapidly and enforced just as quickly.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

This ICR was concise and followed the guidelines. The report was focused on results and highlighted the activities that supported the outcomes achieved. The evidence provided was supported by references and further explained in the annexes. The annex on efficiency, for example, drew on other countries experience with ERRs for similar components that were funded under the project. The analysis summarized the points and clearly linked the evidence to the findings. For example, there was some considerable effort made to explain
why the two sectors, transport and agriculture, were significant factors to support the impact of the subproject infrastructure investments in the economic recovery of the flood affected areas. Lessons and recommendations were based on project operations. For example, how the project implementation benefited from having a task team well grounded in the country’s policy environment, its governance and administrative structures. The report was results oriented and emphasized how the project activities informed the outcomes. For example, rural connectivity was enhanced with the completion of rural roads. The report was internally consistent, pointing to minor inefficiencies and providing evidence to support that these did not take away from the targets that were exceeded. These inefficiencies referred to the resulting extension of the project closing because of the governance challenges in implementing key regional infrastructure and the change from grants to credits to fund RS local governments local infrastructure sub-investments. The results were mutually reinforcing, providing the evidence, for example on how the outcome for the first objective was mostly achieved but still supported substantial efficacy.

a. Quality of ICR Rating
   Substantial